

SURREBUTTAL TESTIMONY OF ANNA SOMMER

ON BEHALF OF

**SOUTHERN ALLIANCE FOR CLEAN ENERGY AND
SOUTH CAROLINA COASTAL CONSERVATION LEAGUE**

DOCKET NO. 2019-226-E

Q: Please state your name and professional title.

A: My name is Anna Sommer. I am a Principal at Energy Futures Group. My business address is 30 Court Street, Canton, NY 13617.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of the South Carolina Coastal Conservation League (“CCL”) and Southern Alliance for Clean Energy (“SACE”).

Q: Are you the same Anna Sommer who previously submitted direct testimony in this docket?

A: Yes.

Q: What is the purpose of your surrebuttal testimony?

A: The purpose of my testimony is to respond to certain portions of the rebuttal testimonies of Eric H. Bell and James W. Neely.

Q: Can you please summarize the points in your surrebuttal testimony?

A: I address several issues, including the Company’s: lack of commitment to transparency in its modeling; deferral of or refusal to make IRP improvements in this docket, description of its planning period; partial commitment to using a capacity expansion model in developing future IRPs; refusal to include generator- and outage-related information in its IRP; and refusal to include an action plan in its IRP.

Q: In your direct testimony, you recommended that the Commission reject the Company's IRP on the basis that it does not include or adequately assess several elements specified in the Energy Freedom Act ("EFA") and that it does not provide the Commission with sufficient information to allow it to balance the factors laid out in the EFA. Did Mr. Neely or Mr. Bell fully address your concerns?

A: No. My recommendations were intended to ensure that Dominion is producing a prudent and reasonable IRP, to permit the Commission and stakeholders to fully evaluate the key elements of the IRP, and ultimately to assist the Commission in carrying out its duties under the EFA.¹ The supplemental IRP information attached to Mr. Bell's testimony does not rectify many of the issues I raised in my direct testimony. For example, it still fails to state the planning period explicitly. And many of my recommendations related to process and transparency the Company has either deferred to a later docket or not addressed at all.

Q: In his rebuttal testimony, Mr. Bell defers the formation of a stakeholder process to after the 2021 IRP Update, says it is unnecessary to include distribution planning information in future IRPs, and defers several changes to its methodologies and assumptions (pp.18-19) to future IRPs and future IRP Updates. How do you respond?

A: The Company continues to seek approval of its current IRP and in effect is asking the Commission to view this IRP as merely a pro forma filing; this wastes resources and time on the part of all parties including the Company. Instead, the Company should implement the many meaningful changes that the various expert witnesses have

¹ Surrebuttal Testimony of Anna Sommer / October 2, 2020

recommended and, if needed, delay filing the IRP Update by several months. It subverts rather than the aids the cause of good utility regulation to ask the Commission to approve a deficient filing based on a promise to improve the Company's process, methods, and assumptions in the future.

With regard to a stakeholder process, the number of parties to this case shows that there is broad stakeholder interest in helping DESC produce a more robust IRP and I strongly encourage the Commission to reject the notion that this interest and energy should wait until some later, unspecified IRP.

Finally, as it relates to the Company's refusal to provide any distribution planning information, the Company argues that "At present, distribution planning does not impact system-level resource planning in any meaningful way."² That may be the case at present, but all IRPs are about future planning decisions. Other utilities are increasingly recognizing the need to integrate distribution planning with resource planning. For example, as Duke Energy Carolinas articulated in its 2020 IRP filed recently with the Commission:

The anticipated growth of Distributed Energy Resources (DERs) necessitates moving beyond the traditional distribution and transmission planning assumption of one-way power flows on the distribution system and analysis based on limited snapshots of peak or minimum system conditions...[E]nergy storage and advanced demand response options will increasingly create opportunities late in this decade and beyond to defer or

² Rebuttal Testimony of Eric H. Bell at page 30.

potentially even avoid some traditional “wires” upgrades and, in some cases, help to offset needs for building generation resources.³

The Company’s refusal to start considering how distribution planning would impact its IRP and provide the Commission with information to assess the interaction between increasing levels of DERs on the Company’s system and its bulk level planning activities is a critical misstep.

In my experience, commitments to improve future IRP filings are often not carried through unless the Commission specifically orders the utility to make those improvements.

Q: You emphasized the importance of transparency with regard to modeling in your direct testimony and urged the Commission to require Dominion, going forward, to provide modeling input and output files, manuals, and assumptions in the initial filing, to address the cost to intervenors of modeling licenses, and to engage stakeholders in a process to select a capacity expansion model. Did Dominion’s rebuttal respond to your testimony on this issue?

A: No. Mr. Bell merely says that the Company will attempt to use PLEXOS for its upcoming IRP update, though he does not guarantee that the Company will do so. Mr. Bell offers no assurances that the Company will provide transparency into its modeling.

Q: How do you respond?

A: The Company’s lack of commitment to any level of transparency as it relates to its modeling is a clear indication that Commission directive is necessary on this issue. The Company’s modeling is the heart of this IRP and the primary analysis supporting its

³ See Duke Energy Carolinas 2020 IRP at page 124, available at <https://dms.psc.sc.gov/Attachments/Matter/39c738b3-2047-43f7-866f-734a445c21d4>

conclusions. Therefore, it is critical that the Commission and stakeholders be able to evaluate the Company's future modeling with the same visibility as the Company had in creating it. A lack of transparency is the surest way to subvert public review and because the Company gives no guarantees in that regard Commission intervention on this issue is needed.

Therefore, I continue to recommend that the Commission take the following steps to ensure that Dominion's IRP modeling is transparent and accessible to stakeholders: order DESC to engage in a collaborative process to choose a capacity expansion model for future IRPs; order DESC to negotiate a discounted, project-based fee that permits interested intervenors the ability to perform their own modeling runs in the same software package as DESC during the pendency of its IRP cases; consider whether to direct DESC to absorb the cost of these licensing fees; and order DESC to file, in electronic spreadsheet format, the modeling inputs (including settings) and outputs, assumptions, any post-processing spreadsheets (e.g. to create the revenue requirements), and the model manual as a part of IRP filings going forward.

Q: With regard to modeling, Mr. Bell also claims that “[m]oving to a resource optimization model will likely mean that fewer resource plans will be presented in future IRP filings.”⁴ How do you respond?

A: First, there is no reason that moving to a “resource optimization model,” i.e. a capacity expansion model, cannot produce even more resource plans than the Company has currently presented. There are many modeling techniques that one can employ in order to produce a range of plans and/or evaluate a range of outcomes. If well done,

⁴ Bell Rebuttal at page 27.

capacity expansion modeling can much more powerfully and quickly assess portfolio options than the Company's current approach. And capacity expansion modeling enables the modeler to more quickly test the assumptions that are key drivers of portfolio outcomes than is possible under the Company's current approach of building portfolios by hand.

Q: In response to your direct testimony that the planning period for DESC's 2020 IRP is not clear, Mr. Neely gives several examples that he says show that the Company used a 40-year planning horizon. How do you respond?

A: As I stated in my direct testimony, "DESC never explicitly provides its planning period in the 2020 IRP."⁵ As Mr. Neely points out, there are several mentions in the 2020 IRP of a 40-year NPV, but the precise dates of the planning horizon are not explicitly stated. Mr. Bell makes reference in his rebuttal testimony to "a 30-year planning horizon",⁶ further confusing the issue. The IRP update makes repeated mention of a 40-year period, but then Appendix B to that update is characterized as showing "resulting capacities and reserve margins for each of the 30 years of the model horizon". Whether 30 or 40 years, it would not be possible to divine from the IRP whether the planning period covers 2019 – 2058 or 2020 – 2059 or some other period. While Appendix B starts with 2019, many of the tables in the IRP update, e.g. those on pages 17 – 19 begin with the year 2020. And it is not clear whether all of these years are modeled or whether some are part of what is called an "end effects" period. "End effects" are merely a mathematical extrapolation of the last year of the modeled period, and it is important to know whether end effects were used or not because they can bias model

⁵ Sommer Direct at page 17, lines 20 – 21.

⁶ Bell Rebuttal at page 3.

results. As I stated in my direct testimony, “This is because the further you go out into the future the more uncertain your costs are and it’s important to know if the relative ranking of portfolios is driven by planning period costs or end-effects costs.”⁷

I continue to recommend that DESC explicitly state its planning period, offer a 20 to 30 year planning period NPV in addition to an overall NPV if it is using a longer period, and if it is using an end effects period, report the NPV of end effects separately. The longer the period over which NPV of the various portfolios is calculated, the greater the uncertainty around cost assumptions. This information will therefore help the Commission and stakeholders evaluate whether very long-term and therefore much more uncertain assumptions are influencing the plan NPV rankings.

Q: Mr. Neely also contends that it would not be logical to include several years of recent generator performance or information about outage events. How to do you respond?

A: I disagree with Mr. Neely on this point. First of all, Mr. Neely makes no substitute recommendation about what information from the IRP the Commission might use to evaluate “power supply reliability” as stated in the EFA.

Second, Mr. Neely’s contention that it is unnecessary to include this information in the IRP because it is available elsewhere is corollary to one of the problems I discussed in my direct testimony. An IRP should function as a standalone document because “[t]he value of an IRP extends beyond the docket in which it is filed....” Just as an interested party cannot be presumed to be aware of documentation accompanying the IRP that is not made a part of the IRP itself, nor could that person be aware that generator performance

⁷ Direct Testimony of Anna Sommer at page 18.

information is filed in separate “fuel dockets,” let alone how to find that information. And parties could certainly be unaware that the Commission receives ex-parte briefings on generator outages or even know how to access such information. Furthermore, it’s not clear that the information the Company provides through these briefings is actionable information for an IRP. Mr. Neely characterizes the briefings as providing the “the Commission with information about the storm and restoration efforts”.⁸ This could be very different information than information which would enable the Commission to determine if particular generators or lines pose a reliability threat or whether more distributed energy resources (“DERs”) would improve system reliability.

Q: In your direct testimony, you discussed the importance of identifying a preferred resource plan and a plan of action. In response to a similar point made by ORS, Mr. Bell contends that an action plan is “incompatible with the nature of an IRP.” How do you respond?⁹

A: Mr. Bell seems to object to an action plan on the basis that an “IRP does not authorize the Company to take any action.” I would agree with Mr. Bell on this point, but my testimony and the example action plan I gave do not imply that an action plan is akin to Commission authorization. To the contrary, a quick review of Vectren’s Short Term Action Plan, attached as Exhibit AS-3 to my direct testimony, shows repeated mentions of actions that Vectren has sought to have its regulator approve or will ask it to approve. And as to Mr. Bell’s suggestion that an action plan is inconsistent with the regulatory structure in South Carolina, it is worth noting that Duke Energy’s utilities operating in South Carolina include short-term action plans in their IRPs filed with the

⁸ Rebuttal Testimony of James W. Neely at page 33.

⁹ Rebuttal Testimony of Eric H. Bell at page 29.

Commission. For example, the short-term action plan in Duke's 2020 IRP filed with this Commission laid out the Company's 5-year planned resource additions and retirements in a digestible and clear format.¹⁰ I would note that while the newly offered "Appendix B" to the IRP update provides at least a partial picture of the resources in each portfolio it does not rise to the level of an action plan.

Nowhere do I imply that an action plan subverts the Commission's authority. Indeed, I think it helps the Commission carry out its duties because it alerts the Commission about when to expect future applications for regulatory approvals and gives a sense of what those filings will address.

Q: Does anything in DESC's rebuttal filing change your conclusions in your direct testimony?

A: No, it does not. I continue to recommend that the Commission: reject the DESC IRP in light of the deficiencies described in my direct testimony and require DESC to file a corrected IRP; require a collaborative to help DESC choose the capacity expansion model it will use in creating its next IRP; require DESC to provide no or low-cost options to intervenor who would like to perform their own IRP modeling runs; require DESC to provide its input and output modeling files, model manual, data sources, and assumptions upfront for all models used in the production of the IRP; and establish a stakeholder process to enable stakeholder input in future IRP filings.

Q: Does this conclude your testimony?

A: Yes, it does.

¹⁰ See Duke Energy Carolina's 2020 IRP, Table 14-B at page 120, available at <https://dms.psc.sc.gov/Attachments/Matter/39c738b3-2047-43f7-866f-734a445c21d4>

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NO. 2019-226-E

In the Matter of:)

South Carolina Energy Freedom Act)

(House Bill 3659) Proceeding)

Related to S.C. Code Ann. Section)

58-37-40 and Integrated Resource)

Plans for Dominion Energy South)

Carolina, Incorporated)

CERTIFICATE OF SERVICE

I certify that the following persons have been served with one (1) copy of the Surrebuttal Testimony of Anna Sommer by electronic mail and/or U.S. First Class Mail at the addresses set forth below:

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October 2, 2020

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